

DEPARTMENT OF PUBLIC SOCIAL SERVICES

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February 17, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO AWARD A CONTRACT TO
WETIP, INCORPORATED TO PROVIDE
ANONYMOUS WELFARE FRAUD REFERRALS AND REWARD SERVICES
(ALL SUPERVISORIAL DISTRICTS AFFECTED - 3 VOTES)**

SUBJECT

Approve and instruct the Chair to sign the attached contract with WeTip, Inc. for Anonymous Welfare Fraud Reporting and Reward Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached contract with WeTip, Incorporated, effective the day after Board approval or March 22, 2009, whichever is later, to provide a Welfare Fraud Reporting and Informant Reward Program. This contract is for a three year term. The three year maximum contract amount of \$201,876.00 is mainly funded by federal and state revenue. There is no additional net County cost (NCC) once the County has met the CalWORKs Maintenance of Effort (MOE) requirement. There is a minimal NCC that results from costs associated with other programs, such as General Relief, which is included in the Department's Fiscal Year (FY) 2008-09 adopted budget. The estimated cost for FY 2008-09 is \$22,111.75 and is included in the Department's Adopted Budget for FY 2008-09. Funding for future years will be included in the Department's budget requests.

2. Delegate authority to the Director of the Department of Public Social Services (DPSS), to prepare and sign amendments to this contract for any increases of no more than 10 percent of the contract amount when the change is necessitated by additional and necessary services that are required in order for the Contractor to comply with changes in Federal, State or County requirements.

The approval of County Counsel and the Chief Executive Office (CEO) will be obtained prior to executing such amendment, and the Director of DPSS will notify the CEO in writing within ten business days after execution.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current contract with WeTip, Inc. provides a 24-hour per day, seven-day a week, toll-free telephone line for the public to anonymously report suspected welfare fraud crimes. WeTip, Inc. provides trained multilingual operators experienced in questioning callers to elicit sufficient details of reported instances of suspected welfare fraud crimes in order to report this information to DPSS and provides trained staff to anonymously distribute rewards as approved by DPSS.

In December 1987, your Board approved Supervisor Antonovich's motion for a pilot project with WeTip, Inc., a private nonprofit enterprise, to provide a Welfare Fraud Reporting and Informant Reward Program.

In March 1988, your Board approved a two-year contract with WeTip, Inc. to implement this program. The program was found to be highly effective in helping to identify and reduce welfare fraud. Three year contracts with WeTip, Inc. were approved in March 1990 and March 1993. In 1996, a one-year contract with WeTip, Inc. was approved. Three-year contracts with WeTip, Inc. were approved in 1997, 2000, 2003, and 2006. The current contract expires on March 21, 2009.

Between March 1988 and December 2008, Welfare Fraud Prevention & Investigations section completed investigations on 22,198 WeTip cases. As a result, \$16,495,500 in fraud overpayments were attributed to referrals made to WeTip.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These recommendations are consistent with the principles of the Countywide Goal # 1: Service Excellence. The CEO Strategic Plan promotes the effective delivery of services within the County, by implementing strategies related to strategic management, fiscal responsibility, strategic planning, performance measurement, service integration, and best practices (CEO Strategic Goal B and C).

FISCAL IMPACT/FINANCING

The maximum amount for this contract for the three-year period commencing on the day after Board approval or March 22, 2009, whichever is later, through March 21, 2012, is \$201,876.00, an increase of \$16,949.00 from the current contract budget of \$184,927.00. The increased costs are due primarily to increases in employee salary and benefits.

This Fiscal Year's portion of the contract cost (from March 22, 2009 through June 30, 2009) is approximately \$22,111.75 and is included in the Department's FY 2008-09 adopted budget.

The contract cost for these services is claimed to CalWORKs and Food Stamps. Once the County has met the CalWORKs and Food Stamps MOE requirement, there is no additional NCC for these programs. The share of costs associated with other programs, such as General Relief, results in an estimated NCC of \$5,600 annually which is included in the FY 2008-09 adopted budgets. Funding for future years will be included in the Department's annual budget request.

In addition to the contract amount, there is a County Informant Reward fund of \$20,000 annually for both the DPSS and the Contractor's Reward Program. The reward fund is 100 percent County funded and will be absorbed in this year's Departmental budget.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

WeTip, Inc. is a non-profit organization designed to take information from and pay rewards to informants while maintaining an informant's anonymity. It has served Los Angeles County since 1972 and has provided these services to DPSS since 1988.

The contract term is for three years, commencing on the day after Board award or March 22, 2009, whichever is later, through March 21, 2012.

The contract authorizes the Director of DPSS, to approve an increase in costs up to 10 percent of the total original contract amount, if an increase is needed for additional units of service or to comply with changes in federal, State or County requirements.

The County may terminate the contract with a thirty (30) calendar day prior written notice. The contract also contains provisions that limit the County's obligation if the Board does not appropriate funding for each year of the contract.

The contracts are in compliance with all Board and Chief Executive Office requirements. The Contractor will not be asked to perform services that exceed the approved contract amount, scope of work and contract dates.

The contractor is in compliance with the Jury Service Program.

The contract is a non-Prop A contract and exempt from the Living Wage Ordinance.

The contract has been reviewed and approved as to form by County Counsel.

CONTRACTING PROCESS

In October 2008, proposals were solicited through the Request for Proposal (RFP) process. Of the seven agencies that requested the RFP, only one, WeTip, Inc., the current contractor, submitted a proposal. Since no other proposals were submitted, DPSS is recommending that WeTip, Inc., be awarded this contract as the sole contractor that is willing and available to provide these services.

IMPACT ON CURRENT SERVICES

The award of this contract will not infringe on the role of the County in relationship to its residents, and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

The award of this contract will assist the County in its efforts to prevent welfare fraud and help to ensure that benefit programs are not misused.

CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one (1) adopted stamped Board Letter and four (4) original signed copies of the contract.

Respectfully submitted,



Philip L. Browning
Director

PLB:mm

Attachment (1)

- c. Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller